
NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/14/10



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NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
New Orleans Metropolitan Convention & Visitors Bureau, Inc.:

We have audited the accompanying consolidated statements of financial position of the New Orleans Metropolitan Convention & Visitors Bureau, Inc. ("the Bureau") as of December 31, 2009, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the New Orleans Metropolitan Convention & Visitors Bureau, Inc. as of December 31, 2008, were audited by other auditors whose report dated June 22, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Orleans Metropolitan Convention & Visitors Bureau, Inc. as of December 31, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010 on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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New Orleans, Louisiana
June 25, 2010

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NEW ORLEANS, LOUISIANA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 8,639,571	\$ 9,369,245
Accounts receivable	865,970	547,056
Receivables, State of Louisiana	1,567,974	2,412,866
Inventory	76,212	81,932
Prepaid expenses	1,110,389	852,390
Total current assets	<u>12,260,116</u>	<u>13,263,489</u>
Investments:		
Marketable securities at fair value	<u>8,631,084</u>	<u>6,565,518</u>
Property, equipment and leasehold improvements:		
Land	3,373,130	3,373,130
Building	9,156,119	9,127,436
Furniture and fixtures	989,714	988,838
Equipment	1,008,355	1,050,201
Leasehold improvements	68,928	97,611
Software	179,480	179,480
Transportation vehicles	13,477	13,477
	<u>14,789,203</u>	<u>14,830,173</u>
Less accumulated depreciation and amortization	<u>(3,495,526)</u>	<u>(3,205,312)</u>
Net property, equipment and leasehold improvements	<u>11,293,677</u>	<u>11,624,861</u>
 Total assets	 <u>\$ 32,184,877</u>	 <u>\$ 31,453,868</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 1,444,156	\$ 762,823
Deferred revenue	62,902	1,830,547
Promises to give	285,591	250,000
Cash overdraft	137,110	314,357
Other accrued liabilities	439,195	103,480
Total current liabilities	<u>2,368,954</u>	<u>3,261,207</u>
 Total liabilities	 <u>2,368,954</u>	 <u>3,261,207</u>
Net assets, unrestricted:		
Designated	6,871,476	7,060,157
Undesignated	22,944,447	21,132,504
Total net assets	<u>29,815,923</u>	<u>28,192,661</u>
 Total liabilities and net assets	 <u>\$ 32,184,877</u>	 <u>\$ 31,453,868</u>

See accompanying notes to financial statements.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NEW ORLEANS, LOUISIANA
CONSOLIDATED STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES AND SUPPORT</u>		
Appropriations from government agencies	\$ 5,666,762	\$ 5,986,052
Industry show cost-share reimbursement	992,674	195,310
Investment return (Note 3)	2,026,473	(3,469,556)
Membership dues	1,308,968	1,363,715
New Orleans Tourism Marketing Corporation	1,200,263	1,221,142
Other revenue	442,777	228,573
Registration	620,716	430,805
Grant revenue	-	2,907,886
State of Louisiana Co-op appropriations	1,750,000	3,750,000
Special tourism support	495,300	525,300
Total revenues and support	<u>14,503,933</u>	<u>13,139,227</u>
<u>EXPENSES</u>		
Program services:		
Convention sales and services	6,904,246	6,859,527
Tourism promotion	1,328,445	2,142,097
New Orleans Tourism Marketing Corporation	1,026,717	1,058,853
Communication and Public Relations	941,634	2,216,070
Member services	220,161	251,699
Information services	213,731	213,760
Supporting Services:		
Welcome Center Building, L.L.C.	242,831	281,479
General and administration	2,002,906	2,145,179
Total expenses	<u>12,880,671</u>	<u>15,168,664</u>
Changes in net assets	1,623,262	(2,029,437)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>28,192,661</u>	<u>30,222,098</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 29,815,923</u>	<u>\$ 28,192,661</u>

See accompanying notes to financial statements.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.
NEW ORLEANS, LOUISIANA
CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Changes in net assets	\$ 1,623,262	\$ (2,029,437)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	354,238	425,793
Gain on disposal of equipment	-	(363)
Unrealized loss (gain) on investment securities	(2,194,166)	3,757,140
Decrease in accounts receivable	525,978	1,286,499
(Increase) decrease in inventory	5,720	(54,591)
Increase in prepaid expenses	(257,999)	(618,443)
Increase (decrease) in accounts payable	681,333	(195,875)
Decrease in deferred revenue	(1,767,645)	(252,751)
Increase in promises to give	35,591	-
Increase in accrued expenses	335,715	4,444
Net cash provided by (used in) operating activities	<u>(657,973)</u>	<u>2,322,416</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales of investment securities	2,623,108	3,715,930
Purchases of investment securities	(2,494,507)	(4,160,667)
Capitalization and acquisition of property	(23,055)	(242,605)
Proceeds from sale of fixed assets	<u>-</u>	<u>850</u>
Net cash provided by (used in) investing activities	<u>105,546</u>	<u>(686,492)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net change in cash overdraft	<u>(177,247)</u>	<u>314,357</u>
Net cash provided by (used in) financing activities	<u>(177,247)</u>	<u>314,357</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(729,674)</u>	<u>1,950,281</u>
<u>CASH AND CASH EQUIVALENTS:</u>		
<u>BEGINNING OF YEAR</u>	<u>9,369,245</u>	<u>7,418,964</u>
<u>END OF YEAR</u>	<u>\$ 8,639,571</u>	<u>\$ 9,369,245</u>

See accompanying notes to financial statements.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

History and Organization

The New Orleans Metropolitan Convention & Visitors Bureau, Inc. (the Bureau) is a private, non-profit 501(c)(6) organization dedicated to promoting the Greater New Orleans area as a destination for trade shows, conventions, tour groups and individual travelers. During 1999, the Bureau organized the Welcome Center Building, L.L.C., to purchase and manage the property at the location of its operating center. The center opened and began operating in June 2003. Since the Bureau is the sole member of the Welcome Center Building, L.L.C., the entity is disregarded from its owner for income tax purposes.

The accompanying consolidated financial statements include the accounts of the Bureau and its wholly-owned subsidiary, the Welcome Center Building, L.L.C. In consolidation, significant inter-company accounts and transactions have been eliminated.

Basis of Accounting and Presentation

The financial consolidated statements of the Bureau are presented on the accrual basis of accounting. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Bureau and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Bureau and/or the passage of time. Currently, the Bureau has no time or purpose-restricted assets.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Bureau pursuant to those stipulations. Currently, the Bureau has no permanently restricted assets.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include bank deposits, money market accounts and certificates of deposit of three months or less.

Investments

Investments, consisting of common stocks, real estate investment trusts, fund of funds and mutual funds, are recorded at market value. Unrealized gains and losses on investments in common stocks, real estate investment trusts, and mutual funds with readily determinable fair values are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at the amount the Bureau expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Inventory

Inventory consisting of maps and brochures is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

Property, Equipment and Leasehold Improvements

Property and equipment are stated at cost, less an allowance for accumulated depreciation. Additions, improvements and betterments to property and equipment in excess of \$1,000 which extends its useful life or increase its carrying value are capitalized.

Expenditures for maintenance, repairs and improvements which do not materially extend the useful lives of the assets are charged to expense as incurred. When property and equipment are removed from service, the cost of the asset and the related accumulated depreciation are removed from the books and any resulting gain or loss is credited to or charged against the current period's change in net assets.

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. Depreciation expense is \$354,238 and \$425,793 for the years ended December 31, 2009 and 2008, respectively. The estimated useful lives used in computing depreciation are as follows:

Buildings and improvements	5 to 40 years
Furniture, fixtures and equipment	5 to 10 years
Vehicle	5 years

Vacation and Sick Pay

All full time regular employees are eligible for up to ten days of paid vacation after one year of service, and up to fifteen days after five years of service. Paid vacation hours are determined by employment anniversary date, adjusted by any leave of absence. Vacation and sick time unused at the end of the anniversary date is lost. Upon termination, unused vacation time only is paid.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies (continued)

Non-Direct Response Advertising

The Bureau expenses advertising costs as incurred. Advertising expenses charged to operations totaled \$1,268,459 and \$3,361,203 in 2009 and 2008, respectively.

Deferred Revenue

Membership dues revenue is recognized when earned over the membership period. Advertising revenue billed in advance is deferred and recorded as income in the period in which the related services are provided.

Income Taxes

The Bureau is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

In July 2006, the FASB issued Accounting for Uncertainty in Income Taxes, which clarifies the accounting and disclosure for uncertain tax positions. This interpretation requires companies to use a prescribed model for assessing the financial statement recognition and measurement of all tax positions taken or expected to be taken in tax returns. The Bureau applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities.

As a result of implementing this approach, the Bureau has reviewed its tax positions and determined there were no outstanding or retrospective tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities; therefore implementation of this standard has not had a material effect on the Bureau.

The Bureau's tax returns for the years ended December 31, 2008 and 2007 remain open and subject to examination by taxing authorities.

Revenue

The Bureau reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies, (continued)

Revenue (continued)

explicit donor stipulations about how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Use of Estimates

Management of the Bureau has made estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications were made to the 2008 financial statement presentation in order to conform to the 2009 financial statement presentation.

(2) Concentration of Credit Risk

The Bureau maintains its cash in bank deposit accounts at various financial institutions in the Greater New Orleans area, which, at times, may exceed federally insured limits. At December 31, 2009 and 2008, the balances exceeded the insured limits by \$8,089,722 and \$9,030,047.

(3) Investments

The market value of investments is as follows at December 31:

	<u>2009 (Fair Value)</u>	<u>2008 (Fair Value)</u>
Common Stocks	\$ 4,746,274	\$ 3,274,251
Mutual Funds	1,491,334	1,321,381
Fund of Funds	1,329,527	1,124,273
Real Estate Investment Trust	<u>1,063,949</u>	<u>845,613</u>
	<u>\$ 8,631,084</u>	<u>\$ 6,565,518</u>

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Investments (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Dividends and interest	\$ 267,245	\$ 379,596
Net unrealized and realized gains (losses)	<u>1,759,228</u>	<u>(3,849,152)</u>
Total return (loss) on investments	<u>\$ 2,026,473</u>	<u>\$ (3,469,556)</u>

(4) Fair Value Measurements

The Bureau uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date. GAAP also establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. These levels are as follows:

- *Level 1* – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- *Level 2* – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3* – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value:

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Mutual funds are priced at NAV (Net Asset Value) which is the fund's share price. Funds compute this value by dividing the total net assets by the total number of shares. The NAV is calculated on a daily basis by the fund's administrator.

Fund of funds: Valued at the proportionate share of the investment in the partnership which is based on the GAAP investments maintained by the partnership and the valuation of the underlying assets.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(4) Fair Value Measurements (continued)

Real Estate Investment Trust (REIT): REITs (if publicly held) are valued at the closing price reported on the active market on which they are actively traded or using the NAV (Net Asset Value).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Bureau believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Bureau's assets at fair value as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 4,746,274	\$ -	\$ -	\$ 4,746,274
Real estate investment trusts	1,063,949	-	-	1,063,949
Fund of funds	-	1,329,527	-	1,329,527
Mutual funds	1,491,334	-	-	1,491,334
	<u>\$ 7,301,557</u>	<u>\$ 1,329,527</u>	<u>\$ -</u>	<u>\$ 8,631,084</u>

(5) Net Assets

Board-designated, unrestricted net assets are designated to support the following, as of December 31:

	2009	2008
New Orleans Tourism Marketing Corporation	\$ 1,922,845	\$ 1,617,004
Future conventions	4,902,131	5,422,653
Other	46,500	20,500
	<u>\$ 6,871,476</u>	<u>\$ 7,060,157</u>

Funds provided by the New Orleans Tourism Marketing Corporation are designated for tourism promotion.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(5) Net Assets (continued)

The Bureau has arrangements with the State of Louisiana to promote tourism and economic development in the Greater New Orleans area in exchange for government appropriations. Act 19 of the 2008 and Act 10 of the 2009 Regular Legislative Session provides for an annual appropriation of up to \$7,000,000. The actual appropriation provided in 2009 and 2008 was \$5,666,762 and \$5,986,052 respectively.

(6) 401(k) Plan

The Bureau offers full-time employees who have completed sixty days of continuous service participation in its 401k plan. Employees may contribute up to the maximum level of deferral allowed by the Internal Revenue Service. The plan provides for employer contributions up to 50% of the elective deferral of each employee, to a maximum of 3% of the participant's compensation. Matching contributions for the years ended December 31, 2009 and 2008 were \$96,223 and \$90,902, respectively.

(7) Donated Services (Unaudited)

The Bureau has received a significant amount of non-professional donated services from various businesses in and around Greater New Orleans. These services were used in programs designed to promote the local tourism market. Management estimates that approximately \$1,998,820 and \$648,409 of donated services were received in 2009 and 2008, respectively. However, these services do not meet all of the applicable requirements of ASC 105-985, therefore, no amounts have been reflected in the consolidated financial statements for these donated services.

(8) Commitments and Contingencies

Operating Leases

In addition, the Bureau leases office equipment and vehicles under various leases with expiration dates. Minimum future rentals are as follows:

2010	\$	55,821
2011		36,532
2012		31,569
2013		23,034
2014		3,132
Thereafter		31,800
	\$	<u>181,888</u>

Rent expense in 2009 and 2008 totaled \$87,078 and \$122,882, respectively.

**NEW ORLEANS METROPOLITAN
CONVENTION & VISITORS BUREAU, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(8) Commitments and Contingencies (continued)

Other Commitments and Contingencies

The Bureau is involved in claims and legal proceedings. When it appears probable in management's judgment that the Bureau will incur monetary damages or other costs in connection with claims and proceedings, and the costs can be reasonably estimated, appropriate liabilities are recorded. While the results are uncertain, management believes that the ultimate disposition of such proceedings will not have a materially adverse effect on the Bureau's financial statements.

(9) Promises to Give

The Bureau entered into an agreement with The Essence Festival, LLC in 2002 to fund \$125,000 annually ending in 2007. This amount was increased to \$250,000 in 2007 for future year events. The remaining liability as of December 31, 2009 and 2008 was \$285,591 and \$250,000, respectively, and is recorded as a current liability in the consolidated statements of financial position.

(10) Cooperative Endeavor Agreement

The Bureau entered into Cooperative Endeavor Agreements with the Department of the Treasury for the State of Louisiana for the period June 2007 through June 30, 2009. The purpose of the agreements was to fund certain eligible activities and supplement the Bureau's budget as they continued marketing the New Orleans region as a premier visitor and convention destination. The hotel/motel tax collections which are the primary source of funding for the Bureau remain approximately two million dollars less than collections in 2004. Included in the consolidated statement of activities in State of Louisiana Co-op Appropriations is \$1,750,000 and \$3,750,000 for the years ended December 31, 2009 and December 31, 2008, respectively.

The Bureau renewed its Cooperative Endeavor Agreement with the Louisiana Office of Tourism for overseas representation. The Bureau operates four international tourism offices in the United Kingdom, Germany, France, and Mexico on behalf of the state of Louisiana to promote tourism to the state. The Louisiana Office of Tourism reimburses the Bureau for 65% of the cost of marketing and operations at these foreign offices with a maximum reimbursement of \$495,300 for the year ended December 31, 2009. Included in special tourism support on the consolidated statements of activities is \$495,300 and \$525,300 for the years ended December 31, 2009 and December 31, 2008, respectively, relating to this funding.

(11) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 25, 2010. The oil spill in the Gulf of Mexico as a result of the Deepwater Horizon oil rig explosion on April 20, 2010 may have an impact on the tourism industry in New Orleans in the upcoming year, which may therefore impact the Bureau's revenues.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Board
New Orleans Metropolitan Convention and Visitors Bureau Inc.:

We have audited the financial statements of the New Orleans Metropolitan Convention and Visitors Bureau, Inc. (the Bureau) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management of the Bureau and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Nettenville

New Orleans, Louisiana
June 25, 2010

